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Title: Contract Farming in Swaziland: Peasant Differentiation and the Constrains of Land Tenure

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1. INTRODUCTION

Swaziland's Fourth National Development Plan advocates the development of outgrower schemes based on the example of Vuvulane Irrigated Farms as an alternative strategy for rural development (Swaziland government 1985:309). If this recommendation were to be adopted as agricultural policy, it would necessitate land reform in the areas where these schemes are to be established. This is because of the existing division in land ownership between Swazi Nation Land and freehold Title Deed Land. Swazi Nation Land is held by the King "in trust" for "the nation" and allocated through chiefs to Swazi subjects.[1] Private property in land in Swaziland dates to the concessionary era when large scale concessions were made to European land speculators and prospective farmers in the late nineteenth century by King Mbandzeni.[2]

Contrary to what has been argued in much of the literature on Swaziland, this land division has not entailed the development of dualism in agriculture, with the "modern" agricultural sector based on freehold title deed land and the "traditional" sector on Swazi Nation Land (SNL). Rather, both the land division and dualism are products of the development of capitalist relations which have generated an uneven and differential development characterised by the evolution of large-scale multinational and South African dominated enterprises on freehold land, and the development of petty commodity production on SNL. One question arising out of the advocation of the development of outgrower schemes and various forms of contract farming in Swaziland relating to land tenure, is whether or not such schemes can be established on SNL. To put it more specifically: is private ownership in land a pre-requisite for the establishment of viable contract farming schemes? This study will show that while freehold land leased out to petty commodity producers is undoubtedly advantageous for the owners of capital, in terms of the extra control which can be exerted over petty commodity producers, this is by no means a pre-requisite for the development of outgrower schemes.

While it will be demonstrated that land tenure is not indicative of the form of production which takes place in agriculture, the chief concern of this paper is to examine the extent to which outgrower schemes in Swaziland have succeeded in their stated objectives of bringing "commercial farming" to the peasantry. The key question which emerges is whether or not outgrower schemes facilitate peasant accumulation and create the conditions for the reproduction of a rich and/or middle peasantry. Answers to these questions will be sought through an examination of three outgrower schemes. Two of these, (Vuvulane Irrigated Farms and Mpetsheni Pineapple Settlement Scheme) are on freehold Title Deed Land, while one (Casalee Tobacco Project) is on both freehold and SNL where petty commodity producing participants are based. The paper argues that contract farming and outgrower schemes are best understood in the context of the social relations to which this form of capitalist development in agriculture gives rise. Such schemes have differentiating effects and create the conditions for the reproduction of a middle peasantry, as well as the potential for more systematic accumulation by peasant producers. In Swaziland land tenure both on SNL and freehold title deed land, through restricting the size of land holdings of scheme participants, may have constraining effects on the extent to which accumulation becomes possible for petty commodity producers on such schemes.

2. CONTRACT FARMING AND OUTGROWER SCHEMES

There is a growing body of thought amongst development planners throughout the Third World that outgrower schemes and contract farming arrangements involving peasant producers can provide alternatives for rural development to state directed "modernisation/improvement" type rural development programmes, such as Swaziland's Rural Development Area Programme (RDAP).

Writers such as Glover (1985) and Goldsmith (1985) have attempted to demonstrate the technical efficiency of outgrower schemes and the positive role they can play in overall agricultural development. These arguments, however, have tended to ignore the analysis of the relationship between petty commodity producers and the multinational companies which engage in contracts with them. They also proceed from the neo-classical populist assumption (Scott, 1977; Bernstein 1985) that under perfect market conditions, rational peasant producers will make utilitarian choices and decisions and will become viable agricultural producers through membership of contract farming and/or outgrower schemes. Furthermore, this approach does not examine the historical processes involved in the development of this form of capitalist production and ignores the structure of social relations which contract farming creates.

Those writing from a dependency position, like Dinham and Hines (1983), examine this relationship and find it exploitative. But they tend to overlook the fact that contract farming has benefitted certain smallholders, generated rural differentiation and, in cases, enabled local capital accumulation to take place in a variety of ways. Buch-Hansen and Marcussen (1982) presented evidence which contradicts the dependency position by demonstrating how outgrower schemes in Western Kenya have led to significant levels of capital accumulation, benefitting sections of the peasantry and leading to social differentiation. Another related position is that of Currie and Ray (1986) and Cowen (1981) whose work, based on research findings in Kenya, argues that although contract farming may be differentiating, it tends to produce the conditions for middle peasant reproduction alone.

Contract farming and outgrower schemes entail a relationship between smallholder agricultural producers and agribusiness which in cases is in partnership with the local state (Neocosmos and Testerink, 1985). Agribusiness tends to control the most profitable sector - the marketing of agricultural commodities. It also restricts the peasantry to a production process which it indirectly controls while generally managing the scheme and providing technical services and other means of production, as well as providing credit to peasant producers on favourable terms. It is not, therefore, merely the presence of a contract which is significant, but over and above this the monopoly power which agribusiness exerts over the market and which structures the relationship between smallholders and agribusiness (ibid), is a central feature of this form of agricultural development.

Outgrower schemes transfer the major investment burden and risk to the producers who may be the prime sufferers when world market prices fluctuate. Also, outgrower schemes free agribusiness from labour management, while petty commodity producers are under pressure to increase the length of the working day over and above that which is possible under plantation conditions. In this way, the role of agribusiness resembles that of a landlord in some parts of the world (ibid.)

In Swaziland, outgrower schemes and farming contracts are entered into on both SNL and freehold Title Deed Land. The schemes on SNL are both dryland farming operations and farms under irrigation, especially in the Northern RDA where rice production takes place. The rice is grown with the assistance of Taiwanese inputs and extension services, and sold on contract at a fixed price to the Tibiyo Rice Project. Tomatoes grown on irrigation schemes in the north have been sold to a South African cannery through contract arrangements in the past.

In the southern regions South African companies, particularly the Pongola-based Transvaal Cotton Ginnery, offer inputs and extension services to dryland cotton growers in return for a guaranteed price. Hence some cotton producers market in South Africa instead of through the Cotona Cotton Ginnery in Big Bend. Indeed it would appear that a wide variety of contract farming arrangements exist on SNL in the south of the country - one petty commodity producer interviewed sells cayenne pepper on contract to a South African Duban-based firm.

In Shiselweni a tobacco project recently established by Casalee Pty Ltd has encouraged an outgrower scheme. Casalee has leased a number of private farms but is primarily concerned with encouraging peasants on SNL to produce their dark fired cultivar, guaranteeing prices which are more favourable for petty commodity producers than the traditional air cured variety which has been grown by peasants and title deed farmers in the Shiselweni region for about fifty years.

The government has encouraged tobacco cultivation and in 1975 it launched an intensive production campaign to stimulate tobacco output on SNL. According to Dlamini (1985) tobacco producers on SNL have been offered bonuses and other material incentives, but the overall trend has been a decrease in air cured tobacco cultivation. This is reflected in Ministry of Agriculture data which shows a decline from 200 tons produced in 1975/76, to 83 tons in 1982/83. Dlamini offers three major reasons for this decline: the development of Taiwanese assisted maize schemes which offer an attractive alternative to tobacco production; the disaffection of tobacco producers on SNL with the Swaziland Tobacco Co-operative in Nhlangano; and the arrival of Casalee with its own cultivar.

The Swaziland Tobacco Co-operative is controlled by freehold title deed farmers and membership favours those who produce substantial quantities of tobacco each year. This is because the co-operative makes two payments to tobacco growers: the first includes recovery of money spent on farm inputs as well as profit, while the second is aimed at encouraging maximum production of the crop and favours well-to-do farmers who have sold a good crop in that crop season. This payment is known as an "agterskot", or an extra bonus offer after initial payment (Dlamini, 1985:27). Therefore, the prevailing situation in many ways was favourable for Casalee, who have been able to draw on the experience as well as the discontent of SNL tobacco producers.

2.1 Casalee Tobacco Project

The Casalee Tobacco Project was formally established in 1983. Casalee Pty Ltd, a Belgian-based company owned and managed by ex-Rhodesians, conducted a number of surveys throughout southern Africa in the early 1980s in order to establish favourable locations for tobacco growing projects. The scheme is already well established in

Malawi, Zaire, Zimbabwe and in the South African Venda bantustan. Casalee's surveyors found ideal conditions in southern Swaziland and, as a result, they decided to go ahead and establish a project in the kingdom.

Essentially, Casalee is a tobacco marketing company and its main aim therefore was to find petty commodity producers for its dark fired or smoke cured variety of tobacco. The initial reaction from petty commodity producers who were experienced in tobacco cultivation was cautious, and Casalee decided to pilot its Swaziland operation through leasing land from private owners. Accordingly they went in search of derelict farms and eventually secured 120 ha of land for cultivation on three separate farms situated fairly close together near Nhlangano. Two of the farms belong to the Swazi Nation through Tibiyo and Tisuka respectively. The 20 ha Tisuka farm was leased on a basis similar to the 50 ha main farm, but the Tibiyo farm only came under Casalee management for the first three years while a Tibiyo counterpart manager was being trained.

Owing to the initial caution of petty commodity producers, Casalee was able to find only six households willing to join the scheme during its first year of operation (1983/84).[3] According to Dlamini (1985:28), the company "spread the rumour that the cultivar which the farmers had been growing would no longer be accepted at the co-operative", and that the recommended "Groot Swazi" cultivar had been changed to the "Dark Fire" cultivar. The Tobacco Co-operative failed to clarify the issue and a number of peasants abandoned their crops. Nevertheless, Casalee's superior handling and marketing capacity was demonstrated through the experience of the six petty commodity producers who farmed with Casalee during the 1983/84 season. Consequently, the number of interested peasant tobacco growers began steadily to increase. In 1984/85 the number of participants rose to 25; by 1985/86 the number had grown even further to 150; and in 1986/87 there were an estimated 410 growers.[4] Of these, 225 were in the Mahamba/Nhlangano area, 110 in Mahlangatsha and 75 in Magubheleni and Ngwempisi. A number of the experienced growers continue to cultivate the traditional "Groot Swazi" variety alongside Casalee's cultivar, because they feel a greater sense of membership in the local co-operative where they are issued with membership cards which reflect production and sales for particular seasons.

Petty commodity producers who wish to participate with Casalee do not have to enter the scheme via their respective chiefs. Casalee have hired a manager specifically for the purposes of recruiting peasant producers into the scheme. This is done through RDA project managers who facilitate meetings between Casalee management and potential tobacco producers. At these meetings Casalee is able to explain the terms under which it operates.

The company offers tractor hire services at E20 an hour for ploughing and provides this service, along with certain other inputs, on credit. Fertiliser may be supplied on credit at 10% interest, but the sawdust required for the smoke curing process is provided free of charge. Seeds are also supplied free, but seedlings are available for late starters at thirty cents per hundred. Casalee planted about thirty ha of seedlings during the 1986/87 season.

Peasants who are interested in joining the scheme are visited by Casalee management to check on their land and drying facilities. They must have sheds or huts specially for the curing process which ultimately determines the quality of their final product. Management also checks the soil before admitting an applicant to the scheme.

Thus far, according to management, there has been no opposition by chiefs to the scheme, and the chief of Magubheleni is actually a grower himself. This is probably largely due to the fact that growers operate on already allocated land, and do not require extra land in order to join the scheme. The average size of each grower's plot is estimated at 1/8 ha, but there are a number of cases where large parcels of land are used. One producer near Mahamba has seven drying sheds and aimed to cultivate up to 2 ha during the 1986/87 season, while a number around Nhlangano planted 1 ha and more.

Casalee is not particular about who joins the scheme from a homestead and more than one member may join using separate parcels of land if they wish. Management estimates that 75-80 % of their growers are women, and only about 2% of male growers are young men. Scheme participants decide for themselves which parcel of their land they wish to use, and once they have planted their crop Casalee tries to monitor their plots. Management and Casalee's three field officers try to visit each participant producer at least once a month in order to keep track of their progress. Many of the participants have considerable experience in growing air cured tobacco and although some still grow both varieties, as noted, unanimity was expressed over the higher returns which Casalee's dark fired variety brings. Speaking to growers clearly revealed that Casalee offers a source of cash for petty commodity producers who may otherwise have limited ready cash resources.

Casalee prefers dealing with petty commodity producers to plantation operations because they believe that intensive cultivation on small plots produces a better quality crop to that grown on a large scale. Peasants produce intensively, using their own sources of labour. In this way the Casalee project reinforces what we noted earlier about typical contract farming relations between agribusiness and the peasantry. Agribusiness is able to take advantage of the "self-exploitation" of petty commodity producers and their combination of the functions of capital and wage labour, within their own households (or within a single individual), through their own sources of labour (Gibbon and Neocosmos, 1985: 177). Thus, through outgrower schemes agribusiness is able to avoid not only the problems of labour management associated with plantation enterprises. It is - equally significantly - able to rely on the extraction of <u>relative</u> surplus value, and also to take advantage of <u>absolute</u> surplus value extraction. This takes place in petty commodity producing enterprises through the increase in the length of the working day and the free exploitation of women and children.

Ideally, Casalee management would prefer it if all scheme members produced on contigious fields, and point to their very successful project in the South African Venda bantustan which is conducted in this manner. They also state that exploratory negotiations had been held with the CDC on the possibility of introducing mixed cropping on "communal blocks " under a leasing arrangement. Management does face logistical problems when trying to assist and market the product of farmers producing as far away as 70 kms from Casalee's base in Nhlangano. Nevertheless, they do not favour an operation which would site tobacco fields far away from homestead residences, as tobacco requires intensive cultivation in order to produce a top grade crop.

As mentioned above, this intensive cultivation is ensured through the "self exploitative" quality of petty commodity production and it further emphasises the benefits for capital of outgrower schemes.

The risks for agribusiness are diminished through control over the circulation of agricultural commodities under contract arrangements, in comparison to the risks involved in direct engagement in plantation production. Here, even if great losses are sustained through crop damage due to adverse weather, agricultural wages must still be paid. Peasant production on outgrower schemes frees agribusiness from these obligations, while at the same time facilitating the benefits of absolute surplus value extraction from the "free exploitation" of women and children which we have argued takes place in peasant production units. These points are best illustrated through a brief examination of Casalee's plantation operation.

CASALEE's PLANTATION OPERATION

Casalee's plantation operation involves a fairly substantial investment with capital assets estimated at E350 000. These were all financed by Casalee itself. The company has two managers, one who oversees the project as a whole and who manages the plantation's enterprises, and another who concentrates on the peasant producers. Casalee also brings in three assistant managers for roughly three months of the year, to help plan and co-ordinate the marketing side of the project with the other tobacco growing operations in the southern African region. There is a single clerical worker, there are three field officers concerned primarily with the petty commodity production side of the operation, and four tractor drivers. Unskilled workers selected, paid and directed by management in conjunction with two farm foremen, are hired on a seasonal basis. Most of these are hired from the surrounding community, and according to management, "labour is readily available".[5] Many of the labourers observed were children - both boys and girls - and were paid at a rate of E3 per day, (management did not specify the length of the working-day). No housing is supplied for the workforce.

During its first two years of operation (1983/84 and 1984/85), the company incurred substantial losses, but in 1985/86 Casalee's fortunes began to change and it broke even. It turned out 170 tonnes of tobacco as opposed to the 60 tonnes the previous season, and its target for 1986/87 is 250 tonnes. Given the adverse weather conditions of low rainfall levels during this season however, it is unlikely that this target will be achieved.

A new manager was brought in at the end of the 1985/86 season, and he believes that the early losses can be partially attributed to managerial problems as well as to extensive damage to crops caused by hail. He also cited soil acidity as a possible long term problem in the operation of both the plantation enterprise and the peasant producer scheme. In order for the project to achieve viability, an ideal yield of 1 500 kg per hectare must be produced, and peasant producers must be able to turn out the equivalent of at least one tonne per hectare.

Should production levels continue to rise, Casalee plans an expansion of capital outlay in terms of plant space on its plantation enterprise, new shed facilities for drying, and possibly a factory for handling and packaging. This may materialise as conditions in Swaziland are ideal because of the availability of sawdust which is crucial to the curing process. At present, handling and packaging is conducted in South Africa, and the product is exported through Durban to Belgium and sold to the international Gallagher group.

These arrangements contrast with those of the Tobacco Co-operative whereby tobacco is sold to manufacturers in South Africa with Swaziland's allocation being determined by the South African Tobacco Board. When sufficient quantities are available, the South African Board instructs the co-operative where tobacco should be delivered, hence allocating quantities of each grade among South African handlers. Only a small proportion of tobacco is sold locally.

The marketing side of Casalee's operation presents few problems as Gallaghers want a supply of up to 1 000 tonnes. Hence, even if output is trebled, there is greater demand than supply. The entire final product is sold in Europe, and presently the Swaziland operation constitutes around 10% of Gallaghers' market. With the quality of Malawi's product falling, management believes that the potential of the Swaziland project is limitless, but its ultimate success will depend largely on the uptake of tobacco cultivation by peasant producers on SNL.

2.3. Contract Farming and the Peasantry on SNL

The policy priority accorded to contract farming and outgrower schemes raises a key question as to whether or not the creation of such schemes can be achieved merely through policy decisions. This seems unlikely, as they tend to depend on agribusiness which is often better equipped to handle the marketing side, for the major investment. Even if government is favourably disposed towards the establishment of outgrower schemes, it cannot choose to introduce them on a large scale without entering into a partnership with, or providing conditions conducive towards agribusiness investment.

The Casalee operation has demonstrated that it is indeed possible for contract arrangements to exist on SNL, but management referred frequently to the success of the scheme in the Venda bantustan in South Africa where production takes place on communal blocks of land. This may be because stricter leasing arrangements facilitate greater control by agribusiness over peasant production. Under prevailing conditions it is not possible for Casalee to ensure that strict agricultural production standards are adhered to. For instance, the company cannot insist that peasant producers reside on their farms for specified periods, and scheme membership can only be loosely defined in terms of whether or not a petty commodity producer is engaged in tobacco production during a particular season. Concern was also expressed by management that petty commodity producers are scattered over such a large area. This is a problem which any contract farming scheme on SNL is bound to encounter and imposes serious logistical constraints on management. Resettlement as presently practiced in Swaziland will not overcome these problems. This is because the kind of rationalisation involved in this process leaves homesteads dispersed widely over a large area, albeit in some kind of straight line, and does not involve any serious attempt at villagisation.

SNL holdings under traditional tenure place a barrier on accumulation for successful peasant tobacco producers insofar as they are unable to expand their production to a scale that would enable them to obtain investable returns on their tobacco crop. Hence, even if the decision to grow tobacco is "entrepreneurial", under SNL conditions it is clear that for the majority of growers, prices received, less deductions for repayment of loans, provide little investable savings. This situation is exacerbated from the growers' perspective in as much as there is no open tobacco market leaving little opportunity for entrepreneurial initiative.

Currie and Ray (1986) have encountered similar conditions in Kenya and have thus argued that contract farming has consolidated the growth of a class of agricultural producers whose household production is sustained only at middle peasant level. Nevertheless, they have not convincingly demonstrated that contract farming necessarily precludes peasant accumulation, for while monopoly control over the market by agribusiness may limit the marketing strategies and hence levels of accumulation of peasants, it does not a fortiori rule out such accumulation.

One implication is that in general, contract farming on SNL benefits agribusiness more than the peasantry. For while the latter clearly benefit from scheme membership, Casalee management gave a clear impression that a major priority in seeking peasant producers is that this arrangement would reduce company costs and transfer the overwhelming burden of risk to the producers themselves. Furthermore, the contract farming arrangement avoids the conflicts generated by socialised production. Hence management argued that the Tibiyo operation was beneficial because Tibiyo is less likely than Casalee to be constrained by Swaziland's labour practices and regulations.

In Swaziland the Casalee project clearly shows that agribusiness can integrate and utilise so-called traditional land tenure practices to expand commodity production without destroying them. It is these land tenure constraints as well as monopoly control over markets by agribusiness which contribute to the predominant reproduction by contract farming of a middle peasantry. For even when petty commodity producers on SNL produce "efficiently", they may be unable to take advantage of this to expand their productive units into economies of scale and profitable ventures. In such cases, cash generated from tobacco sales serves largely to maintain and reproduce household consumption at middle peasant level. At the same time it should be noted that there are cases of individual tobacco producers who through inheritance have significant land holdings, and are in the process of constructing more and larger tobacco sheds. This indicates significant production levels and suggests that outgrower schemes of this sort do not merely reproduce a "dependent middle peasantry" but do facilitate the reproduction of a middle peasantry as well.

Outgrower Schemes on Title Deed Land

The foregoing analysis has revealed how outgrower schemes have facilitated control by agribusiness over the conditions of peasant production on SNL. It was also suggested that there is a greater likelihood of achieving this control more effectively if leasehold title to the land is acquired by the peasantry. Vuvulane Irrigated Farms (VIF) provides such a case whereby petty commodity producers obtained leasehold title through scheme participation. VIF was established in 1962 by the CDC and adjoins the Swaziland Irrigation Scheme (SIS) and Mhlume Sugar estates which are both CDC operations. By 1973, 223 Swazi peasants with average land holdings of 4,5 ha had joined the VIF scheme. At the end of 1982, there were 263 plots on the scheme with an average size of 3,2 - 6,5 ha. Sugar is the basic commodity produced and scheme members under the contract agreements are compelled to devote 70% pf their land to this crop. On the remainder of their land they may grow seasonal crops - mainly cotton and maize in summer and vegetables in winter. According to the Fourth Plan, the annual mean net income for scheme members over the 1978-82 period amounted to E3,500.

The scheme nevertheless has had a stormy past and according to Fransman (1978) provided an important political base for Dr A. Zwane's opposition Ngwane National Liberatory Congress (NNLC) Party before the outlawing of party politics in 1973. VIF also fell in the area where the NNLC won three seats in the 1972 General Elections. Moreover, there was much bitterness between smallholders and the CDC, who were viewed as behaving like colonial landlords (Neocosmos and Testerink, 1985). Much of this disaffection centred on the leasing arrangements, and this eventually led the CDC to hand over "ownership" of the scheme to the "Swazi Nation".

As has been argued elsewhere (Levin, 1987), although this type of ownership refers to land held in trust by the monarch for the nation, and thus in legal terms defines the land as SNL, it does in effect amount to private ownership. In the early years, the question of inheritance on the death of a settler and compensation on cancellation of a tenancy were a source of friction and led the first CDC manager, J.R. Tuckett, to recommend that specific legislation be enacted to deal with this and other issues (Tuckett, 1975). Although no legislation was passed, these issues were dealt with when new leases were implemented in 1975.

These twenty year freehold leases with rent re-negotiable after the first ten years stated that the property should be used for agricultural purposes only and that no animals should be kept without permission. The leases also laid down strict agricultural standards which tenants were required to adhere to and specified that the lease may not be assigned without permission and that only the leaseholder and his family and workers where applicable may reside there. Under this leasing arrangement, tenants were obliged to spend ten months of the year resident on the property, and the corporation was entitled to cancel leases of tenants who did not pay the rent within thirty days or who failed to comply with other conditions stipulated in the lease. In the case of the death of a tenant, the corporation was given the right to name a successor subject to compensation to the tenant's family, for approved improvements to the property.

In 1982, legal title was handed over to the Swaziland National Agricultural Development Corporation (SNADC), a parastatal, while the land became SNL and was leased to the farmers on a twenty year renewable basis. Management however remained in the hands of the CDC. Following this transfer of "land ownership" to the "nation", peasants voiced dissatisfaction over the fact that rents were still being charged despite the fact that the land had been transferred to the Nation. The transfer coincided with further slumps in an already depressed world sugar market price. Growing dissatisfaction among producers led government to institute a Commission of Enquiry to look into the grievances of VIF farmers in 1985. The commission's sessions were held <u>in camera</u> and although its work has been completed, the findings were not made public.

Nevertheless, in 1986, the ownership of VIF passed from SNADC to Tibiyo, but this failed to bring calm to the situation as fourteen farmers in dispute with management over rent defaults were evicted from the scheme. By early 1987 their appeals to the king for intervention had failed, and some of them were encamped with their families in temporary shelters on the edge of the scheme awaiting a sympathetic ear in Lobamba.

From available evidence, it appears that net income has been slight for the majority of scheme members since the slump in the world sugar market. Sugar production on 70% of allocated land is sufficient to cover overheads alone, and it is only on the remaining 30% of the land that realisaton of any profit occurs.

This does not generate substantial income for the majority of members who are only able to reproduce themselves as a middle peasantry. Nevertheless differentiation is taking place, because a few scheme members have over the years been able to purchase tractors. These tractor owners profit both from their sugar cane (due to savings on ploughing and hauling) as well as vegetable holdings,[6] indicating that outgrower schemes of the Vuvulane type provide the conditions for the reproduction of a rich as well as a middle peasantry, for tractor ownership in itself is sufficient "proof" of the existence of a rich peasantry. This also shows how outgrower schemes differentiate peasant participants in addition to generating differentiation between the latter and other sections of the peasantry.

The Mpetsheni Pineapple Scheme

Another outgrower scheme based on peasant leaseholdings is situated in the Malkerns Valley adjoining Swazican. The Mpetsheni Pineapple Settlement Scheme was established after the Swaziland Settlement Company (SSC - formerly known as the Mushroom Settlement Company), bought 250 ha of land from Usuthu Pulp Company in Malkerns. The colonial Government was approached for ideas on how to develop the land, and decided to lease it from SSC and develop a settlement scheme for Swazi smallholders. The government formed a subsidiary company called the Pineapple Setlement Company (PSC) to operate the scheme, and a lease agreement was then drawn up between government, the SSC and the PSC to cover an initial period of twelve years. The scheme was formally established in 1964 and became operational at the end of 1965.

According to Magagula (1980), the main objective of the scheme was to promote equality in the rural areas between Swazi peasants and European settler farmers by expanding "commercial opportunities" for rural Swazis and involving them in cash crop production. He also states that the scheme was seen as an indirect device by the colonial authorities for subverting the traditional socio-economic characteristics of rural Swazi society. The aim was for scheme members to become so financially viable that they would be able to purchase their plots and become landowners after twelve years.

The 250 ha of land allocated for the scheme was originally subdivided into twenty-seven farms of just over 9 ha each. The scheme was financed by a government-backed loan from the Swaziland Development Savings Bank and the SSC. The initial funds were used to provide administrative personnel and a central equipment pool to be run on a hire basis. Loans were also made available to scheme members for the development of their holdings and for providing them with basic services such as housing and water. Each member was required to repay these loans as well as loans provided for leasehold rights.

The lease agreement provided for loan finance and rules of behaviour and farming performance for the smallholders. The company was appointed marketing agent, and settlers were obliged to follow the company's marketing arrangements. A significant aspect of this clause of the lease was that farmers were prohibited from selling pineapples to the fresh vegetable market. This enabled the various companies which have operated the nearby pineapple cannery in Malkerns to ensure monopoly control over the marketing of outgrowers' produce both to secure a steady supply of fresh fruit to the cannery and to ensure that all proceeds from pineapple sales are accounted for and credited to the settlers' loan accounts.

There are currently nineteen members remaining in the scheme, and it is clear that management was highly selective in granting membership, and also that there is little likelihood of the scheme being expanded so that more members can be incorporated. Members come from all over Swaziland and were selected by the PSC whose chief priority was the suitability of candidates for small scale commodity producing operations. Membership was obtained by individuals and, as noted, the initial premise was that members would be sufficiently viable financially within about twelve years to have repaid their various loans and to thus be in a position to purchase their plots and become freehold title deed land owners. This meant that the intention was that inheritance of membership would be determined by Roman-Dutch Law, unless a member was married by Swazi customary law only, in which case ownership of the plot would devolve according to Swazi law and custom.

Scheme members engage in pineapple production with family labour which "assists" with ploughing, planting and weeding, and in cases casual labour is hired for weeding and harvesting in particular, at an average rate of E3 per day, excluding means and lodging. This in itself is indicative of the kind of differentiating effect of this outgrower scheme, for the fact that wage-labour (however casual) is in cases being employed on the scheme, demonstrates that accumulation is indeed taking place and conditions for the reproduction of a rich peasantry are present.

Harvesting is done collectively with all scheme members, their families and hired labour where applicable. Ploughs, tractors and other capital equipment is available on loan from the company, while fertiliser and herbicides are purchased directly from the canning company.

The indebtedness of members plagued the progress of the scheme in its early years, and despite the scheme's objective of having members repay their loans and qualify to purchase their land within twelve years, in the sixth year of the scheme the average indebtedness was over E7 000. In 1973 the scheme's settlement officer estimated that about three-quarters of the members would only be able to repay their loans over twenty-six years. As indebtedness increased, some settlers who stood little chance of repaying their various loans were forced to relinquish membership of the scheme. Government was requested to intervene in order to rescue the scheme and eventually in 1973 agreed to inject E61 000 in order to settle the acounts of members who had been evicted or dropped out of the scheme. Nevertheless, indebtedness persisted, and between 1975 and 1978 actually increased by about E10 000 with accumulated losses standing at E26 736 (Magagula, op cit.:9).

By this time, nineteen producers remained on the scheme of whom twelve had paid off their debts and therefore fulfilled the requirements to be issued with title deed to the land. The fact that eight members had dropped out within ten years of the scheme's inception, and that by that time twelve of the nineteen remaining members had paid off their debts, indicates that a complex process of differentiation was taking place on the scheme.

But the scheme has faced a problem of state reluctance to approve the purchase of the plots by members who have paid outstanding loans. According to the last government field officer assigned to the scheme, this reluctance has in theory been overcome, but in practice, members who have now all paid their initial loans are still awaiting the legal titles to the land. Some of them have been promised additional land allocations of up to 4,5 ha.

Management of the scheme was originally entrusted to the PSC, with Government, the SSC and the King represented in the Board of Directors. Scheme members were not represented on the board and gained access to it through the project manager. Requests by the peasantry for representation on the board were turned down because, according to the PSC, adequate channels existed for communication between scheme members and board. Meetings between the chairman of the board, the project manager and the peasantry were infrequent and complaints by the latter over this issue were answered by the PSC which asserted that settlers made use of such meetings to raise "frivolous" issues and that if "things ere not running smoothly" the board was "satisfied that this is due to the uncooperative attitude of a number of settlers", (Ibid.).

By 1981, although scheme members had met all obligations for land purchase, government withdrew from the scheme, thereby effectively liquidating the PSC and leaving management of the project in the members' own hands. Management has since been taken over by a farmers' association which has its own elected committee chosen every two years. This organisation is financed by joining fees and subscription shares and meets once a week.

Figures quoted by Magagula show that per hectare production declined between 1968 and 1975 from 54 to 17 tonnes. Nevertheless, cash receipts increased due to rising prices and improved quality produce, from E12 900 to E85 461 during this period. Current production has been put at about 50 tonnes per ha. Only pineapples are produced on allocated plots as the herbicide used has rendered the soil unsuitable for cultivation of other crops.

All marketing of the crop is handled by Swazican, the current owners of the cannery who took over the company from Libby's in 1984. Changes in ownership of the cannery have caused marketing problems, but at present these do not exist. In 1968, for instance, Swaziland Canners Ltd went into liquidation during the harvesting season and government and local businessmen were forced to stage a rescue operation. Peasant producers were not paid for a substantial amount of fruit which they had delivered to the cannery, causing them severe financial hardship. As noted, members are compelled to market their pineapples through the company and are only permited to sell substandard pineapples on the vegetable market.

Magagula argues that this scheme was not adequately planned. No detailed soil survey was undertaken and it was subsequently discovered that a number of plots were prone to waterlogging due to shallow soils and were therefore unsuitable for pineapple cultivation. Another problem with the scheme was that at its inception, neither the company nor the petty commodity producers had working capital. With high interest loans, the debt situation of the peasant producers was aggravated. Although this indebtedness was ultimately largely overcome through state intervention, the scheme has no cash flow as there is no-one willing to finance the operation until members obtain their legal titles to the land. Finance is needed to replace out of date technology and equipment such as tractors which are now old and worn out.

It is clear that the actual management of the scheme has been one of its major problems since inception. The lack of participation by peasants in the first decade and a half of the scheme's operation created hostility between management and scheme members as in the Vuvulane case. The board seemed to take the view that the peasants' failure owed to their laziness and indiscipline. The last government officer assigned to the scheme cited the fact that management has not existed since 1981 as a major reason for lack of profit realisation on the scheme. Hoever, it is difficult to envisage how the scheme can be profitable under self-management until members receive their legal title to the land and are hence enabled to secure bank loans to inject capital into the scheme. Presently credit is issued by Swazican, but only for purchase of inputs, with these amounts deducted after delivery of the crop.

The Mpetsheni Pineapple Scheme is an interesting case of an outgrower scheme which has, over time, transformed itself into a type of producer-co-operative on title deed land. However, it is unlikely that projects of this sort will become a central element of government rural development strategy. The former government officer on the scheme stated quite unequivocally that experience had taught him that it was not government policy to develop more schemes of this nature which would open up freehold land to agricultural petty commodity producers.[8] This view is attested by the drawn out procedure which seems to be taking place in order to grant the actual legal titles to scheme members. This has been a very traumatic experience for those who have persisted with the scheme, and who have ultimately been compelled to take over the management of the entire project. They experimented with hiring a manager, but this arrangement proved to be unsuccessful as substantial amounts of money went unaccounted.

Under present arrangements, members on average are realising between £3 000 and E4 000 each year, indicating that as in the case of Casalee and Vuvulane conditions have been created for the reproduction of a predominant middle peasantry reproducing themselves through agricultural petty commodity production without being compelled to take up wage employment. As at Vuvulane and with Casalee, the production of a rich peasantry has been facilitated, and wage labour is being hired by peasants on the Mpetsheni scheme. State reluctance to issue peasant members with their freehold titles is acting as a break on accumulation, and these constraints are exacerbated since, as in most contract farming schemes, it is peasants who bear the major investment risks while the more lucrative marketing side of the operation is monopolised and controlled by agribusiness.

Through years of practical experience, scheme members have obtained the necessary skills to enable them to cultivate pineapples efficiently, and indeed, to manage the scheme as a whole on their own. But given existing government reluctance to make private property available to substantial numbers of peasant producers, it is unlikely that this type of scheme will be established elsewhere in Swaziland in the near future.

CONCLUSION

The development of capitalism in Swaziland has produced undemocratic political forms including an undemocratic management of land allocation and control. While sections of the royal family and their confidantes benefit from their control of this system which facilitates monopoly over agriculture as a whole, it is unlikely that private freehold land ownership will be opened up to the mass of petty commodity producers on SNL. This may affect the form that contract farming schemes will take in Swaziland, but it does not imply that such production remains a residue of pre-capitalism.[9] This study has shown how agricultural capital in Swaziland can benefit from outgrower schemes both on SNL and Title Deed Land. This is because land tenure ultimately concerns phenomenal legal forms and processes which cannot be understood outside the context of essential capitalist relations - the wage labour - capital relation - which characterise the development of agriculture in Swaziland.[10] But while agricultural capital has benefitted from the "self-exploitation" of peasants, in cases the latter have also benefitted, for, as has been stressed throughout this paper, outgrower schemes have had differential effects on the peasantry, providing the conditions for the reproduction of both a middle and rich peasantry.

The domination of outgrowers by agribusiness may suggest that producers in such schemes are no more than "wage-labour equivalents" (Bernstein, 1982) in a relationship of dependence on the managers of the enterprise who control the scheme. While this to a certain extent describes some of the processes taking place, it appears to be misplaced to conflate agricultural wages with petty commodity production activities. This is why it is more useful to understand contract farming as a specific form of agricultural production which has differentiating effects and generates new relationships between the majority of contract farmers as a middle peasantry, an incipient rich peasantry and agricultural capital. Rather than producing a homogeneous class of "wage labour equivalents" or a "dependent middle peasantry", outgrower schemes generate petty commodity production which itself is differentiating (Gibbon and Neocosmos, 1985).

It is apparent from available evidence that the development of contract farming and outgrower schemes in Swaziland has had differential effects. On the one hand, outgrower schemes on SNL, while providing the conditions for the production and reproduction of a differentiated peasantry, inhibit accumulation through the limited access to land which peasants have. Thus, although rich peasants can reproduce themselves through such schemes on SNL, and present indication are that they will in fact do so, it would appear in the case of Casalee that it is predominantly a middle peasantry that is being reproduced. Although this to a certain extent supports the findings of Currie and Ray (1986) and Cowen (1981), there is no evidence that outgrower schemes preclude the reproduction of a rich peasantry. This is clearly seen in the Vuvulane and Mpetsheni cases where conditions conducive to accumulation have been provided by the scheme, even if the majority of scheme members reproduce themselves as middle peasants. At Mpetsheni there is strong evidence of peasant differentiation emphasised by dropout patterns, the varied capacity of different peasants to repay their loans, along with the fact that wage labour (however casaul) is being hired. At VIF, tractor owners are accumulating both from their sugar plots and their vegetable holdings, but on both schemes a ceiling over the level of accumulation by a rich peasantry is provided by the monopoly power which agricultural capital exercises over the marketing of the scheme's principal crop. Accumulation through production schemes can also be seen in government cattle ranches where scheme participants have accumulated sufficient capital to purchase their own freehold farms and hence become capitalist farmers.[11] While this is not possible for rich peasants who participate in contract farming, this does not mean that peasants cannot accumulate through engagement in such schemes. The evidence presented on the process of differentiation taking place through contract farming and outgrower schemes suggests that an urgent task of future research in this area lies in the collection of more empirical data that will give flesh to these evident trends.

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NOTES

1. The most thorough analysis and description of traditional land tenure has been provided by Hughes (1972).

2. For a detailed discussion of these events and the actual land partition see, inter alia, P. Bonner (1983), J. Crush (1980), F. Mashasha (1977) and M. Fransman (1978).

3. Interview with Mr H. Bezuidenhout, manager of Casalee (until July 1986), 21 March 1986.

4. Interview with Mr T. O'Neill-Williams, manager of Casalee, 14 October 1986.

5. Interview with Mr T. O'Neill-Williams, 4 November 1986.

6. This is according to an extension officer hired the VIF (13 August 1986).

7. Interview with Mr D. Gama, former government field officer to the Mpetsheni Settlement Scheme, 10 June 1986.

8. Ibid.

9. Contrary to the "articulationist" position of Wolpe (1972), evidence presented here demonstrates that in the case of Swaziland, specific forms of capitalist development in agriculture (petty commodity production) are taking place on SNL.

10. For more detailed discussions of the question of essential relations and phenomenal forms, see Sayer (1979), Neocosmos (1982) and Neocosmos and Gibbon (1985).

11. This is true of "sisa" ranches where SNL cattle producers can crossbreed their stock. Interview with Messrs B. Biya and M. Mkhabula, assistant manager and farm foreman, Nyanyou Sisa Ranch, 26 May 1986.

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